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SUBJECT: CHAMBER OF COMMERCE PRESIDENT SEES U.S. BUSINESS OPPORTUNITIES IN DJIBOUTI

1. (U) Summary: Said Omar, President of Djibouti's Chamber of Commerce, advises U.S. business to consider investment in Djibouti by a change in mindset. He implored U.S. companies to think "can-do," to think about "regional" possibilities, to consider "Doraleh's potential," and to see the potential in "livestock," "agriculture," "computer chips," and "AGOA" as paths to economic opportunity in Djibouti. End summary.

2. (U) In an introductory call March 10 on the President of Djibouti's Chamber of Commerce, Said Omar, Ambassador asked Omar what potential advice he would give to a U.S. company interested in exploring business opportunities in Djibouti. She explained that one of her goals in Djibouti is to promote business opportunities and U.S. investment.

3. (U) Omar responded that he would tell the U.S. company, to "think can-do" rather than "can't do." "Everything is possible in Djibouti," he said. "Only, there are challenges to achieving the possible." An American company would need to have a great deal of patience, be able to communicate effectively with people, and be prepared to explore with their counterparts in Djibouti real options under difficult circumstances.

4. (U) Omar also said a U.S. company should think "regionally," rather than locally. The market in Djibouti is rather small, he said, and the buying power is slim. U.S. companies should look at investment opportunities that have appeal across borders. Since there is much in common, culturally, with many of the citizens of countries surrounding Djibouti, appeals and tastes can be fairly similar. Look for opportunities, he advised, where there is the ability to commit resources more broadly. He noted that most businesses in Djibouti target the huge market represented by the sub-region of Africa and COMESA. For example, pharmaceutical products are shipped to Djibouti but airlifted to Ethiopia.

5. (U) Third, Omar advised that U.S. businesses think about the potential posed by the Doraleh extension of Djibouti's port and the transformation of port activity that the extension will cause. Already, he said, China is exploring setting up a free zone there to re-assemble vehicles. (Note: Post cannot yet confirm. End note.) He said the extension would make possibilities in the service and industrial sectors endless.

6. (U) As a fourth point, Omar said he would advise U.S. companies to "think livestock." He talked about the popularity of locally-produced (Berberawi) sheep with Saudi consumers and said Somali-origin livestock had been stopped by Saudi Arabia, not because of fear of the outbreak of disease in that livestock, but by concern over Somali forgery of export certificates and documents. After Djibouti's livestock project is complete, Omar said, (in reference to the work USAID is doing in Djibouti), "the Chamber will invite livestock importers from Gulf countries to convince them to lift the ban on livestock." He said he believed many opportunities existed in the livestock field. Admittedly, though, it would be difficult to make local processing profitable as most consumers regionally prefer their meat fresh-killed.

7. (U) Fifth, Omar said he would ask U.S. companies to "think agriculture." He stated his belief that the soil can bear fruit in Djibouti. What is lacking, he continued, is water. He added that the Israelis are experts in the area of drip irrigation and perhaps that process could be tailored to Djibouti, especially if desalination moves ahead.

8. (U) Omar said he would also encourage U.S. companies to "think computer chips." This is an area where even production is possible, he claimed. Omar said in passing that he believed advantage could be taken, additionally, of the Africa Growth and Opportunity Act (AGOA) to further promote economic investment.

9. (U) Comment: Djibouti has significant infrastructure development and human resource shortfalls that are daunting for investors. Yet Omar has a point that the potential exists and that creative thinking is needed to uncover opportunities and overcome obstacles. Post will continue to explore

options to share with Washington, working with the Chamber of
Commerce, and other entities in Djibouti. End comment.
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